

# FACT SHEET – Architecture, Construction & Infrastructure in Chile

Need for sustainable, environmentally friendly and energy efficient solutions



*The architecture, construction and infrastructure sector is expected to continue its growth in the years to come with increased focus on sustainable and energy efficient solutions – especially in infrastructure related to energy in order for Chile to remain competitive. An estimated USD 47.8 billion investment is required in Chile’s infrastructure between 2012 and 2016. Today, the construction sector accounts for 7.1% of Chile’s GDP and employs almost 700.000 people.*

## Characteristics of Architecture, Construction & Infrastructure in Chile

Following the economic dip in 2009 and the 8.8 magnitude earthquake in 2010, Chile’s construction sector has had an impressive recovery with annual investment rates growing from 1.9% in 2010 to 12.7% in 2011 and 8.8% in 2012, while growth rates for 2013 are expected to be between 6-8%. The biggest growth drivers in this sector are the real estate segment of public and private housing, as well as investments in the mining and energy industry.

### DID YOU KNOW THAT...

... a total of USD 9.3 billion is expected to be invested in Chile’s construction sector in 2013...

In October this year, the Piñera government has put forward a national plan for sustainable construction in public and private areas. One of the plan’s primary aims is to make housing and urban infrastructure more environmentally friendly with a much stronger focus on reducing energy consumption. These measures include subsidies, tax benefits and easier access to project financing, while real estate companies are voluntarily encouraged to adopt a label system in which they inform their clients about the energy consumption of homes.

Although Chile scores highest in Latin America in the Global Competitiveness Index 2012 for the quality of its infrastructure (31<sup>st</sup> out of 144 countries globally), investments are needed in infrastructure to improve the country’s

competitiveness and for Chile to reach its goal to become a developed country in 2018 (as measured by per capita income).

### Architecture, Construction & Infrastructure at a glance:

- Construction of GDP: 7,1% (2011)
- Annual investment growth: 12.7% (2011), 8.8% (2012) (70% infrastructure, 30% housing)
- Employment: 683.000 (June 2012)

### DID YOU KNOW THAT...

... Chilean infrastructure needs investments of almost USD 47.8 billion in 2012-2016...

## Business opportunities for Danish companies

Chile has a need for sustainable construction and energy efficient solutions in both the private and the public sector in order to continue the country’s development and to remain competitive in a long term perspective. Even though Chile has very limited resources of fossil fuels 75%, of its primary energy production originates from this source. Chile therefore imports almost all of its fossil fuels in order to fulfill the country’s demand for energy, resulting in Chile having some of Latin America’s highest energy prices. With legislative initiatives being in their early stages, Danish companies with an expertise in these areas will have an interesting foundation to expand their business activities in the Chilean market.

## Infrastructure

- Innovative solutions to improve the Chilean infrastructure in areas related to energy, urban road construction (incl. public transportation), hospitals, and prisons are required.
- In particular, investments in relation to transmission of energy are required, since the demand for energy in Chile is estimated to increase by 6-7% annually until 2020.

Infrastructure investment requirements 2012-2016:	
Sector	Total (USD billion)
Urban road building (incl. public transportation)	11.7
Electricity	13.3
Ports	1.8
Water systems	3.3
Inter-urban road building	11.6
Airports	1.1
Hospital and prison infrastructure	5
Total	47.8

Source: *Cámara Chilena de la Construcción*

## The Real Estate Market

- The real estate market expanded by 25% in 2011, representing a total housing sale of 58.000 units. Departments grew by 26.4% and houses by 23.6%.
- The first trimester of 2012 represented the second best start since 1994 with sales 25% higher compared to the same period in 2011.
- The residential housing market is booming in the capital Santiago, due to factors such as low unemployment rates, higher wages and lower mortgage interest rates.
- Real estate sales grew by an annual rate of 35% during the second quarter of 2012, with a total of 10.409 housing units being sold between April and June (6.746 apartments and 3.663 houses). In the same quarter real estate prices increased between 5-10% depending of the location.

## Tourist and Second Home Sector

- During the first half of 2012 this sector has reached an historical investment of almost USD 2.7 billion, representing a growth of 4.5% since December 2011 and 12.5% compared to June last year.
- The investments have been concentrated in the real estate sector of second homes (46.6%) and secondly, in the hotel sector (44.4%).

## Architecture

- Chilean architecture is internationally recognized for its anti-seismic housing solutions at a relatively low cost with great adaptability, experience and know-how in extreme geographical locations and diverse climates.
- The fundamental question for architects in Chile however is how to design sustainable and energy efficient solutions, taking into consideration the climatic differences which exist in the more than 4.500 km long country.

### STATE VISIT TO CHILE

Santiago de Chile, 11-15 March 2013

Join the Official Danish Business Delegation to Chile on the occasion of the State Visit by Her Majesty The Queen and His Royal Highness The Prince Consort

Read more: [www.royalvisitichile2013.dk](http://www.royalvisitichile2013.dk)

## How can we add value to your company?

The Embassy of Denmark in Chile can add value to your company by:

- Using our local network of public and private stakeholders, related business associations, chambers and exhibitions to acquire relevant market information.
- Using our local knowledge to 'knock' on the correct doors to obtain pertinent market information and key stakeholder contacts.
- Endorsing your company to key decision makers and potential distributors.
- Participating and arranging meetings with relevant stakeholders.

### CONTACT US:

The commercial team at the Danish Embassy in Santiago



Lars Steen Nielsen | [larnic@um.dk](mailto:larnic@um.dk) | Ambassador  
Laurids Refslund | [lauref@um.dk](mailto:lauref@um.dk) | Head of Commercial Dept.  
Aksel Jensen | [aksjen@um.dk](mailto:aksjen@um.dk) | Commercial Advisor  
Carsten Bidsted | [carbid@um.dk](mailto:carbid@um.dk) | Commercial Advisor  
Kamil Kuninski | [kamkun@um.dk](mailto:kamkun@um.dk) | Commercial Advisor

Architecture, Building & Construction – Carsten Bidsted